

CITY OF BLAINE  
Whatcom County, Washington  
January 1, 1995 Though December 31, 1995

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Schedule Of Findings

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1. The City Should Comply With Statutory And Local Purchasing Requirements

During our audit of the City of Blaine's purchasing system we noted the following instances of noncompliance with bid laws:

- a. Our review of the purchases made by the city revealed the city had used a vendor list to make purchases. The city could not provide documentation to show the city had properly solicited vendors to be placed on the vendor list or made the quotes available for public inspection as required by the *Revised Code of Washington* (RCW) 39.04.190.
- b. Our review of individual vouchers revealed numerous purchases which did not comply with the city's purchasing policy. Of the sixteen vouchers selected for review, eight fell under the authority of the city's purchasing and procurement policy. Of those eight, we noted seven did not comply with the above referenced policy. The following are the instances noted:
  - (1) The city did not obtain written estimates from two vendors for the repair of sidewalks for \$9,018 and the purchase of transformers for \$10,768.
  - (2) The city did not obtain and/or document phone quotes from three vendors for the purchase of an electronic gate system for \$7,832, painting services for \$7,941, and landscape services for \$4,551.
  - (3) The city's annual contract for fuel purchases was never advertised in an official newspaper. Instead, an invitation was mailed to known providers of fuel. The city's purchases under this contract exceeded \$24,000 in 1995.
  - (4) The city claimed a sole source exemption for the purchase of \$4,844 of monitoring equipment for the water department. The city council had not passed a resolution authorizing the waiver of bid requirements.

RCW 35.23.352 (8), states in part:

For advertisement and formal sealed bidding to be dispensed with as to purchases between seven thousand five hundred and fifteen hundred dollars, the council or commission must authorize, by resolution, use of the uniform procedures provided in RCW 39.04.190 . . . .

RCW 39.04.190, states in part:

. . . (2) At least twice per year, the municipality shall publish . . . a notice of the existence of vendor lists and solicit the names of vendors for the lists. Immediately after the award is made, the bid quotations obtained shall be recorded, open to public inspection, and shall be available by telephone inquiry.

City Policy No. 6-1.8.0, states in part:

.2 Generally, the procurement of supplies and services under \$5,001 will require three telephone quotes . . .

.3 Procurement of supplies and services over \$5,000 but less than \$7,501 shall require solicitation and documentation of a minimum of three telephone quotes.

.4 Procurement of supplies and services over \$7,500 but less than \$15,001, shall require the solicitation of at least three written quotes including selections from the list of vendors . . .

.5 Procurement of supplies and services over \$15,000 will require the solicitation of formal bids pursuant to conditions set forth below.

City Policy No. 6-1.6.4, states in part:

.1 Bids are not required when there exists . . . a sole source of supply or service and the requirement to bid has been waived by resolution of the City Council.

The city did not make the obtaining and documentation of quotes and estimates a high priority.

By not complying with state and local statutory requirements, the city cannot be assured it obtained the best and most reasonable contracts for purchases of goods and services.

We recommend the city establish and use a vendor list as required for purchases under \$15,000 and publicly post all contracts awarded under this process. We also recommend the city obtain and document all quotations/bids and sole source waivers as required by city policy. We further recommend the city ensure all purchases requiring formal bid procedures are advertised in an official newspaper.

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Schedule Of Federal Findings

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1. Claims For Reimbursement Of Federal Program Costs Should Be Adequately Supported

Our review of reimbursement requests the City of Blaine made under the Bonneville Power Administration (BPA) Conservation Resource Acquisition, Energy Smart Design and Weatherwise Programs (CFDA 81.999) disclosed the following instances of costs claimed which were not adequately supported:

- a. Conservation Resource Acquisition. For fiscal year 1995, the city received reimbursement of \$240,677 but had supporting documentation for only \$223,453. Included in this amount was a \$10,000 claim for administrative costs supported by only \$1,160 in actual invoices, a \$54,664 claim for equipment supported by only \$46,738 in actual invoices and an invoice for \$910 which was claimed twice. Other miscellaneous undocumented claims and unclaimed costs resulted in a net credit of \$453 to the city. This resulted in total questioned costs of \$17,223 (See attached Schedule of Questioned Costs).
- b. Energy Smart Design. The January 1995 reimbursement request was overstated by \$270 due to a transposition error. An additional error by BPA resulted in an additional overpayment of \$30. The April 1995 reimbursement request claimed \$11,713 in costs which were supported by only \$11,665 in documented expenses. This resulted in questioned costs of \$348 (See attached Schedule of Questioned Costs).
- c. Weatherwise Program. The City of Blaine claimed \$1,585 of conservation incentive payments twice during the period from October 1994 through March 1995. Based upon an earlier program review by BPA, the city was required to expend specified funds on conservation measures to compensate the BPA for prior period deficiencies. The city was not allowed to request reimbursement for those costs but was required to report the costs to the BPA. The city had overstated the costs by \$1,585. (See attached Schedule of Questioned Costs).

The "Common Rule" for *Uniform Administrative Requirements for Grants and Cooperative Agreement with State and Local Governments* Subpart C, § \_\_\_\_ .20(a)(6) states:

Accounting records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

City personnel were unaware of the above grant requirements and did not have review procedures in place to ensure compliance with grant requirements. By not complying with

the grant requirements, the city could be required to pay back part or all of the revenues received under the grant programs.

We recommend:

- a. The city request reimbursement for only those costs actually incurred by the city.
- b. The city establish procedures to ensure only actual allowable costs are claimed for reimbursement.
- b. The city come to an agreement with the Bonneville Power Administration regarding final disposition of all unsupported claimed costs.